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TRANSPORTATION INFRASTRUCTURE

Review of Project Selection Process for Five FHWA Discretionary Programs



**Resources, Community, and
Economic Development Division**

B-278026

November 7, 1997

The Honorable Bud Shuster
Chairman, Committee on
Transportation and
Infrastructure
House of Representatives

The Honorable Thomas E. Petri
Chairman, Subcommittee on
Surface Transportation
Committee on Transportation and
Infrastructure
House of Representatives

The Congress has authorized the Secretary of Transportation to select and fund specific state transportation projects under several discretionary highway programs. These funds supplement other funds that states routinely receive through the federal-aid highway program. These supplemental funds come from several discretionary transportation programs, the first of these programs was authorized in 1930, when the Congress established a Public Lands Highway Program. While the Department of Transportation (DOT) distributes the federal-aid funds to states on the basis of congressionally approved formulas, the Secretary of Transportation can select specific transportation projects for federal funding under the discretionary programs.

Since fiscal year 1992, the Secretary has selected about 415 projects totaling about \$2.7 billion in federal funds through five of DOT's discretionary programs. The funding for these five programs represented, on average, about 87 percent of all Federal Highway Administration (FHWA) discretionary funding during fiscal years 1994-97. These funds have paid for the construction of highways, bridges, and ferry boat facilities throughout the nation. As it reauthorizes the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), the Congress is reassessing the level of funding necessary for the discretionary programs and the procedures the Secretary has established to ensure that the best transportation projects are being selected under these programs.

As part of the ISTEA reauthorization process, you asked us to (1) describe the selection process and criteria that DOT uses to fund projects under its discretionary highway programs and (2) determine how DOT's process has

changed and how the changes may have affected which projects the Department selects for discretionary funding. The five programs you asked us to review are the Public Lands Highways Program, the Discretionary Bridge Program, the Interstate Discretionary Program, the Interstate 4R Program, and the Ferry Boats and Facilities Program. To respond to these objectives, we reviewed and analyzed the documents and lists of selected projects pertinent to the discretionary programs for fiscal years 1992 through 1997. In Washington, D.C., and one regional office, we also interviewed FHWA officials who have been responsible for implementing these programs. Additional information on our methodology is provided at the end of this report.

Results in Brief

DOT uses a two-phase process for selecting and funding transportation projects for the five discretionary programs we reviewed. In the first phase, FHWA program staff in the field and headquarters compile and evaluate the applications that states submit for discretionary funding. Program staff screen the applications by applying eligibility criteria established by statute or administratively. On the basis of written criteria, program staff group the projects into four categories that range in priority from most promising to not qualified and submit the groupings to the Office of the Administrator. The submission to the Office of the Administrator provides information on each candidate project, data on discretionary funds that each state received during prior years, and the current level of congressional interest. In the second phase, the Office of the Administrator uses the information submitted by the program staff, as well as other factors, to evaluate the projects and make the final selections. According to FHWA's Acting Deputy Administrator, the Office of the Administrator has tried to ensure that the dollars are spread fairly among all the states and that the interests of Members of Congress are addressed. In contrast to the analyses that the program staff complete in the first phase, the Office of the Administrator does not document the factors it uses to select the final projects or its rationale for making the final selections.

DOT is authorized to establish procedures for reviewing and selecting transportation projects under its discretionary programs. Our review of the selection process revealed that under the current process, in place during fiscal years 1995-97, the Office of the Administrator relied more on its discretion and less on the program staff's input and analyses than it did under an earlier process used during fiscal years 1992-94. Under this new process, which was designed to provide the Office of the Administrator

with more flexibility in taking into account items such as the geographic distribution of funding, 73 percent of the projects that the Office of the Administrator selected were categorized as “most promising” or “promising.” In addition, the Office of the Administrator selected a declining portion of projects from these categories over the 3-year period. During fiscal years 1992-94, when staff ranked projects in order of priority and recommended specific projects and funding amounts, the Office of the Administrator selected over 98 percent of all projects that the program staff recommended.

Background

Beginning in 1930, the Congress established the first transportation discretionary program under which the executive branch could select specific transportation projects for federal funding, thus providing the executive branch with some latitude in allocating federal funds to the states. In that year, the Public Lands Program was established to pay for road work on the nation’s public lands. In 1978, the Congress set up the Discretionary Bridge and Discretionary Interstate programs. The Discretionary Bridge Program was established to replace or rehabilitate high-cost bridges while the Discretionary Interstate Program aimed to accelerate the construction of the Interstate Highway System. When the Interstate 4R Discretionary Program was begun in 1982, its goal was to resurface, restore, rehabilitate, and reconstruct the Interstate Highway System. Finally, the Ferry Boats and Facilities Program, begun in 1991, was intended to construct ferry boats and ferry terminal facilities. (See apps. I-V for additional information on ISTEA’s provisions and eligibility requirements for each of the discretionary programs discussed in this report.)

The Secretary of Transportation is responsible for selecting projects under the discretionary programs. The Secretary has delegated this responsibility to the FHWA Administrator. FHWA’s Office of Engineering administers the programs, solicits applications from states, and compiles the applications and information for selection. States submit applications to FHWA’s division offices, which either send the applications to FHWA’s regional offices for compilation with other states’ applications or to FHWA’s headquarters, as they do for Interstate Discretionary and 4R programs. Regional offices then send the applications to FHWA’s Washington, D.C., headquarters.

As table 1 shows, since fiscal year 1992, the five discretionary programs we reviewed received over \$2.7 billion in federal funds—ranging from

about \$99 million provided for the Ferry Boats and Facilities Program to almost \$1.6 billion provided for the Interstate Discretionary Program.

Table 1: DOT's Funding of Five Discretionary Highway Programs, Fiscal Years 1992-97

Dollars in millions

Program's name	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	Total
Discretionary Bridge	\$ 49.8	\$ 61.3	\$ 63.3	\$ 52.6	\$ 65.9	\$ 60.6	\$ 353.5
Ferry Boats and Facilities	14.0	15.3	19.0	17.2	14.9	18.2	98.6
Interstate Discretionary	149.9	302.3	796.8	289.6	2.4	12.9	1,553.9
Interstate Discretionary 4R	55.9	65.5	68.9	65.4	66.2	66.4	388.3
Public Lands	43.0	60.8	56.2	54.1	49.5	55.6	319.2
Fiscal year total	\$ 312.6	\$505.2	\$1,004.2	\$478.9	\$198.9	\$213.7	\$2,713.5

Legend

FY = fiscal year

Note: Totals may not add because of rounding.

Source: GAO's analysis of data from DOT.

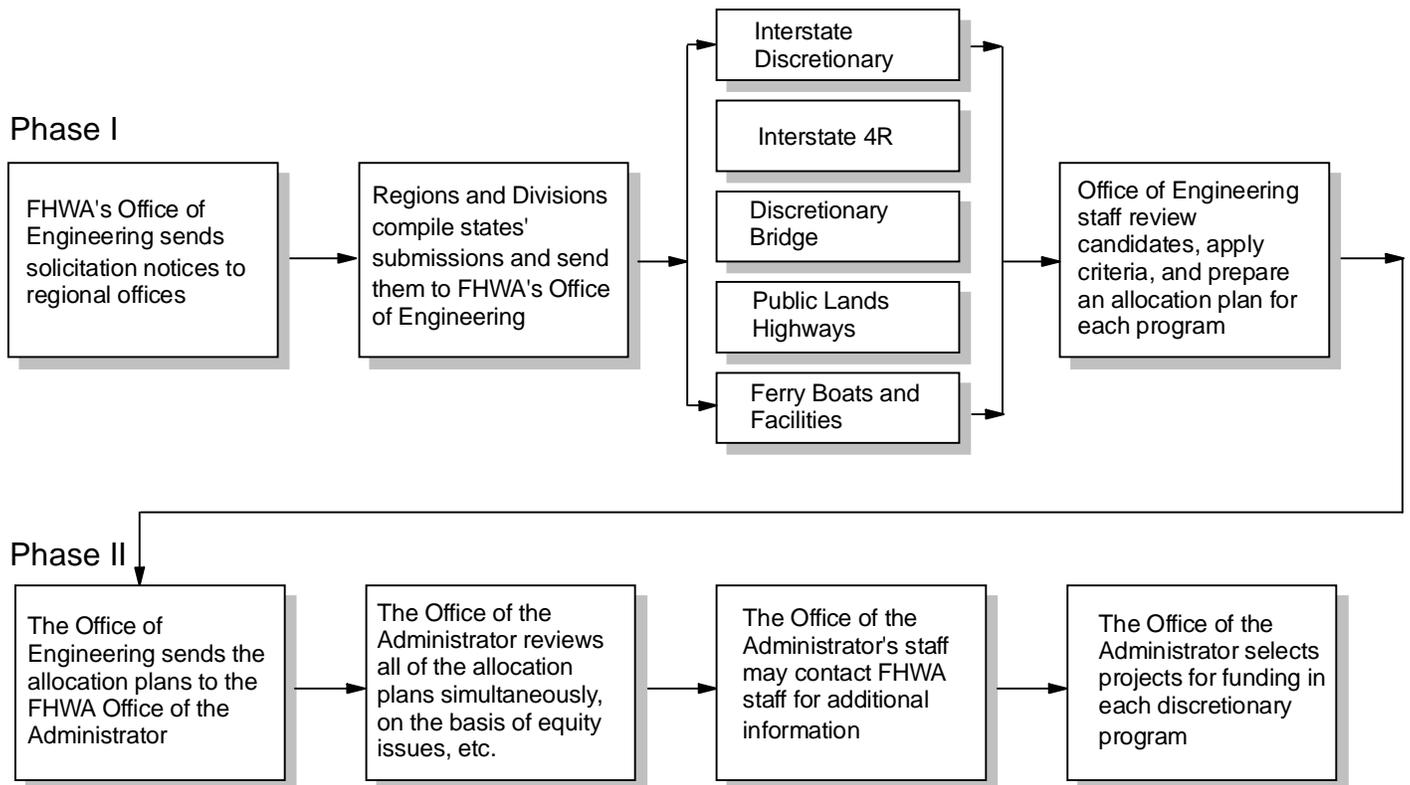
The states' requests for discretionary funds have generally exceeded the amounts available for funding.¹ For example, in fiscal year 1997, the states submitted almost \$682 million in requests for about \$61 million in discretionary bridge funds. Similarly, the states submitted nearly \$1.3 billion in requests for about \$66 million available in fiscal year 1997 from Interstate 4R funds. Although the states have been able to build specific transportation projects and facilities through discretionary funding, the amounts available through these five programs represent only a small portion of the highway funds that the states receive annually. For example, in fiscal year 1997, FHWA's Office of the Administrator provided the states with \$213.7 million in discretionary funding for the five programs we reviewed—about 1 percent of the estimated \$20 billion that FHWA provided the states with for that year.

¹Some states do not apply for discretionary funding because such funding may affect their equity adjustments in the following year's apportionment. Discretionary allocations that affect the states' equity calculations include those for all of the programs we reviewed except the Ferry Boats and Facilities Program.

FHWA Uses a Two-Step Process for Selecting Discretionary Projects

FHWA uses a two-phase selection process involving both program staff and the Office of the Administrator. As displayed in figure 1, the first phase begins when program staff in the Office of Engineering send a solicitation notice out to FHWA’s regions calling for project candidates from the states. Project candidates are compiled by the regions and divisions and forwarded to the headquarters staff offices. The headquarters staff with specific expertise in the various discretionary program areas compile the regional submissions and review and analyze each candidate. By applying program-specific statutory and administrative criteria, program staff screen and prioritize project applications for each discretionary program.

Figure 1: Chronology of FHWA’s Project Selection Process



FHWA program staff use both statutory and administrative criteria and other factors to identify and prioritize projects for each discretionary program. As displayed in table 2, the criteria are program specific and differ among the five discretionary programs. For example, by using data to determine the physical condition of a bridge, Discretionary Bridge Program staff calculate a numerical score or rating factor for each candidate project. The rating factor allows FHWA to prioritize the projects eligible for funding. In contrast, Public Lands Program staff use factors, such as whether a project is located in a state with 3 percent or more of the nation's public lands, to screen and prioritize projects. Interstate Discretionary and 4R Program staff consider whether other sources of funding, such as unobligated Interstate Construction and National Highway System funds, are available for projects, while Ferry Boats and Facilities Program staff evaluate factors, such as a project's benefits and the ability of federal funds to leverage private funds, when they prioritize the candidate projects. After applying the criteria, program staff identify ineligible projects and group the eligible projects into four priority categories—most promising, promising, qualified, and not qualified.²

²The Discretionary Bridge Program has an additional category—Not Qualified-Administrative—which includes projects that, for a variety of reasons, program staff rank as the lowest of the eligible projects. Projects included in this category would be those requesting fourth quarter funding or those whose total cost is extremely high.

Table 2: Statutory and Administrative Criteria for the Discretionary Programs

Program	Statutory criteria	Administrative considerations
Public Lands Highways	An eligible project is any kind of transportation project eligible for assistance under title 23 that is within or adjacent to or provides access to public land area. Statutory criteria give preference to projects that are significantly impacted by federal land and resource management activities and located in states with 3 percent or more of the nation's public lands (i.e., Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming).	Program criteria include the history of funding distribution among states, whether a project is ready to advance to construction, commitment of other funding sources, past allocation of Public Lands Highways funds, relationship of a project to the completion of a complete highway segment, and safety and capacity improvements.
Bridge Discretionary	Eligible projects are bridges that cost more than \$10 million or at least twice the state's annual apportionment of bridge funds for the fiscal year in which the request is made. In 1982, Congress directed FHWA to establish a rating factor for each candidate on the basis of seven items, including bridge condition, average daily traffic, total project cost, etc. On the basis of these items, FHWA developed the rating factor formula, which it uses to prioritize candidate projects. The lower the rating factor, the higher the priority for selection and funding.	First priority is given to bridges that were previously funded and need additional funds within the first three quarters of the fiscal year. Priority is then given to unfunded bridge projects with the lowest rating factors that need funding for the first three quarters of the fiscal year. Projects from states that have transferred their bridge apportionment funds to other federal-aid categories during the previous year are generally not considered eligible for discretionary bridge funding.
Ferry Boats and Facilities	Eligible vehicular ferry facilities must be on a route classified as a public road, except an Interstate route. Projects may include both ferry boats carrying cars and passengers and passengers only. Ferry boats and facilities must be publicly owned.	Consideration is given to whether the project will result in a useable facility; what other benefits exist; whether other funds, either state or local, are committed to the project; and whether the project has received Ferry Boats and Facilities Discretionary allocations in the past.
Interstate Discretionary	Interstate Discretionary funds must be used for any work eligible for Interstate Construction funds to complete construction of the Interstate system. Allocations may be made to any eligible project in any state except Massachusetts.	Other factors include whether a state has utilized unobligated Interstate Construction and Interstate Discretionary funds, whether a project is critical to complete the Interstate system, and which states have the greatest funding needs to complete the Interstate system.
Interstate 4R Discretionary	For a state to be eligible to receive Interstate 4R funds, it (1) must demonstrate that it can obligate all of its National Highway System apportionments during the fiscal year, (2) must be willing and able to obligate Interstate 4R funds by September 1 of the fiscal year, (3) must apply the funds to a ready-to-commence project, and (4) must begin work within 90 days of obligation. In addition, ISTEA directed the Secretary to give priority consideration to projects exceeding \$10 million on any high-volume route in an urban area or high-truck volume route in a rural area.	A project from a state that has transferred either National Highway System or Interstate Maintenance funds to its Surface Transportation Program in the preceding year will not be considered for funding.

(Table notes on next page)

Source: FHWA.

The second phase of the selection process begins after FHWA's Office of Engineering provides the Office of the Administrator with a report for each discretionary program that lists the eligible projects and includes other information, such as what funding the states received in prior years through the discretionary programs and any congressional interest or support for specific projects. The Office of the Administrator receives the reports for all of the programs simultaneously—generally in the fall—and begins the final selection process at that time.

Using the discretion granted to the Administrator under each of the programs, the Office of the Administrator can apply additional considerations to the information received from the program staff before making final selections. For example, according to FHWA's acting Deputy Administrator, the Office of the Administrator may try to spread the discretionary funds among as many states as possible to ensure geographic equity. As a result, the final selections could differ from the staffs' groupings if these groupings provided the bulk of funding for only a few states in a given program. The official also said that the Office of the Administrator, in consultation with the Secretary, also pays close attention to requests from Members of Congress in making the final project selections. In addition, congressional legislation, in the form of earmarks, may require the Secretary to fund a particular project through a discretionary program. Other considerations may include whether the requesters would be willing to accept partial funding, whether conditions pertaining to the project have changed since the state originally requested funding, and other factors, such as whether states have received an equitable share of funding over time. The process is concluded when the Office of the Administrator sends out the list of its selections.

The two phases differ in the extent of documentation available to explain how decisions are made—that is, how program staff apply the criteria to group the projects and how the Office of the Administrator makes the final selections. Specifically, program staff provide written documentation of the statutory and administrative criteria used to screen candidate projects, as well as the project's descriptions, the amounts of funding requested, prior allocations to states, and congressional interest. In contrast, officials in the Office of the Administrator could verbally describe the additional factors they have considered in making the final project selections but could not provide any written documentation that either explained the

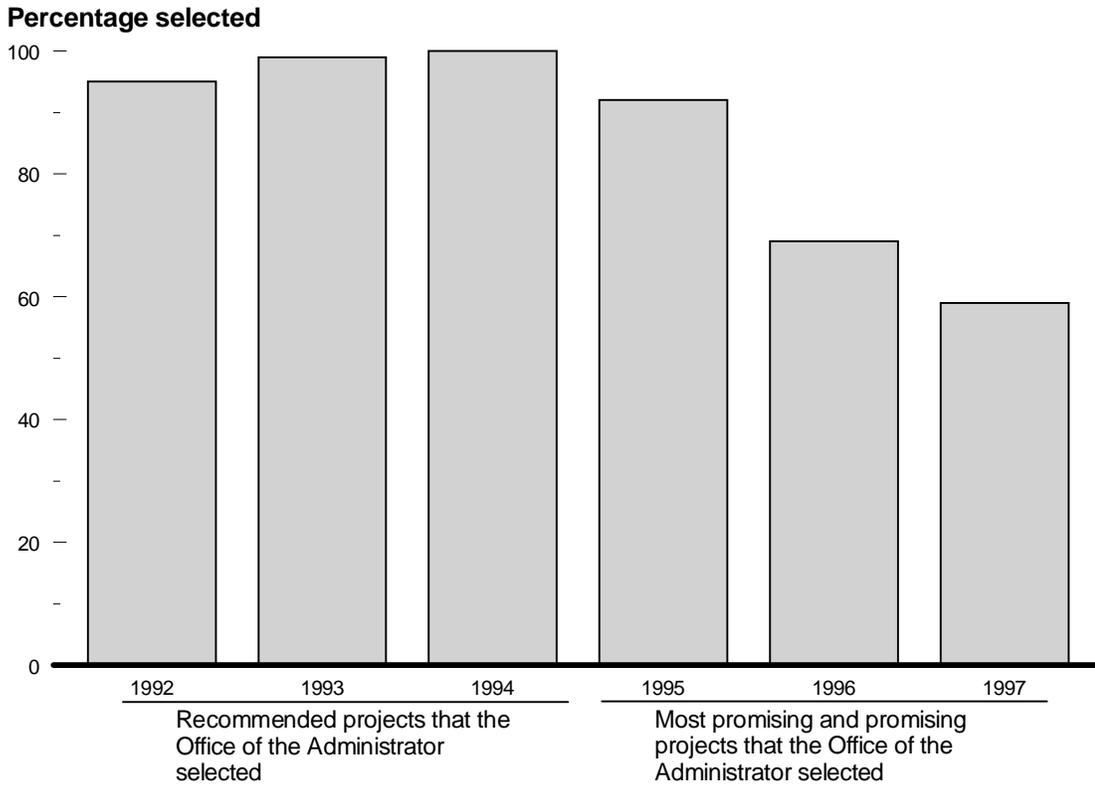
additional selection factors they used or how they applied these factors to each candidate project. In addition, the final selection list that the Office of the Administrator issues at the conclusion of the selection process does not explain or justify why each project was selected.

Staff Priorities and Office of the Administrator's Final Selections Differ

The current process to select projects under the discretionary programs has been in place since fiscal year 1995. In general, under the current process, the Office of the Administrator relies more on its discretion in making the selections than it did under an earlier process that relied almost entirely on program staffs' analyses and recommendations. We found that under the current process, there were differences in the projects selected by the Office of the Administrator and those given higher priority by the FHWA staff responsible for evaluating and prioritizing the projects.

Our analysis of the discretionary program's selection process revealed that two distinct processes existed during our review time frames. During fiscal years 1992-94, program staff for each of the discretionary programs we reviewed recommended specific projects and funding amounts after ranking projects in order of priority. As displayed in figure 2, the Office of the Administrator selected over 98 percent of all the projects that the program staff recommended in fiscal years 1992-94 (180 projects selected from 183 staff recommendations). For example, the Office of the Administrator selected 15 of the 17 public lands projects recommended by FHWA program staff in fiscal year 1992. Similarly, the Office of the Administrator selected all of the six Interstate 4R projects recommended by FHWA program staff for funding in fiscal year 1992.

Figure 2: FHWA’s Office of the Administrator’s Selections of Staff’s Priority Projects as a Percentage of Total Projects Selected, Fiscal Year 1992-97



Source: GAO's analysis of FHWA's data.

The high level of consistency between the staffs’ recommendations and the Office of the Administrator’s selections changed after fiscal year 1994. For the fiscal year 1995 funding cycle, the Office of the Administrator directed the program staff to group the projects into four categories—most promising, promising, qualified, and not qualified—rather than provide specific project and funding recommendations. According to FHWA’s Acting Deputy Administrator, the Office of the Administrator found it difficult to make equitable decisions using the rank order lists and thus made the change to the groupings. The official also said that the process did not give the Office of the

Administrator enough flexibility to take into account other equally important considerations, such as the geographic distribution of funding.

As figure 2 shows, beginning in fiscal year 1995, the Office of the Administrator selected a declining proportion of projects from the higher-priority categories. In fiscal year 1995, 92 percent of the projects that the Office of the Administrator selected were projects that staff had categorized as “promising” or “most promising”; 69 percent in fiscal 1996; and 59 percent in fiscal 1997—about 73 percent overall for the 3-year period. This tendency was particularly evident in comparing the staffs’ groupings and the final project selections in three of the five programs we reviewed—Public Lands, Interstate 4R, and Discretionary Bridge. For example, in fiscal year 1997, while the Office of the Administrator selected 9 of the 36 public lands projects categorized as “most promising,” it also selected 16 of 59 projects categorized as “qualified”—the lowest-priority category for the public lands program that year. Half of all public lands projects that the Office of the Administrator selected that year came from the qualified category. In the Ferry Boats and Facilities Program there was an initial decline from 100 to 80 percent for fiscal year 1995, but the selection of most promising and promising projects remained around 80 percent for fiscal 1996-97.

For the other discretionary program we reviewed—Interstate Discretionary—the projects that the program staff categorized as “higher priority” were the ones selected by the Office of the Administrator. The results occurred under the selection procedures in place during fiscal years 1992-97. The Office of the Administrator selected 100 percent of the projects recommended by the program staff during fiscal years 1992-94 and 100 percent of those that the staff placed in the most promising category during fiscal 1995-97.³ The change in the selection process did not affect the Interstate Discretionary Program because the funds available for the program during fiscal years 1993-97 exceeded the requests; all eligible candidate projects were selected for full funding. (Details on the Office of the Administrator’s selections for fiscal years 1992-97 are provided in apps. I-V for the five programs we reviewed.)

FHWA officials stated that the selection of projects in lower-priority categories did not mean that the Office of the Administrator was making poor transportation investments. FHWA officials stated that most of the states’ project submissions could be considered good projects, given the

³For fiscal years 1995-97, the staff categorized all eligible Interstate Discretionary projects as most promising; any other projects were categorized as “not qualified.”

tremendous Interstate infrastructure needs and tight federal-aid funding. Therefore, they believed it would be unlikely that the Office of the Administrator could select a poor project for funding. In addition, our analyses revealed no instance where the Office of the Administrator selected a project that staff had classified as statutorily ineligible project during fiscal years 1995-97.⁴

Agency Comments

We provided DOT with draft copies of this report for review and comment. We met with DOT officials—including the FHWA Acting Administrator, Acting Deputy Administrator, and Associate Administrator for Program Development—to discuss their comments. DOT did not have any comments on the report’s overall findings but requested that the report be modified to address two general areas of concern. First, the Department indicated that it wanted us to broaden our discussion of the additional factors that the Office of the Administrator uses to make final project selections. Second, the Department suggested that we modify our analysis of the project selection statistics to account for the financial limitations of the programs. DOT said that because several of the discretionary requests greatly exceeded the available funding, the promising and most promising categories contained more projects than could be selected. DOT noted that because our analyses did not take this funding limitation into account, our analyses implied that the Office of the Administrator chose many projects from the lower-priority categories.

In response to DOT’s comments, we included additional information on the factors that the Office of the Administrator considers in making project selections in the body of the report. We revised our analysis of the projects the Office of the Administrator selected for funding in fiscal years 1995-97 to address DOT’s second concern. We also included additional information in the appendixes on the funds allocated to projects in each category for fiscal years 1995-97. Other editorial comments provided by the Department have been incorporated where appropriate.

Scope and Methodology

To identify the criteria and selection process that DOT used to select projects for discretionary funding, we obtained from FHWA officials information that documented the process followed for each program during fiscal years 1992-97. The information from FHWA described the

⁴In fiscal year 1996, the Office of the Administrator selected one project from the Ferry Boats and Facilities Program that the staff determined to be statutorily ineligible. Funding for the project is contingent upon a change in the ownership of the ferry boat facility from private to public. Therefore, we categorized this project as “other.”

number and dollar amount of projects submitted for funding, the statutory and administrative criteria for eligibility and selection, and the Office of the Administrator's final project selections. Some of the documents also included information about congressional interest and whether the Congress had earmarked any of the program dollars. We discussed the programs with officials in FHWA's Office of Engineering who had knowledge of each program, as well as with FHWA's Acting Deputy Administrator, who summarized the factors used by the Office of the Administrator to determine which projects would receive funding. We also met with officials in one FHWA regional office to discuss their role in the discretionary programs.

To determine how changes in the process have affected which projects DOT selects for discretionary funding, we examined the staffs' analysis of the projects submitted for funding in each program, as well as the Office of the Administrator's subsequent project selections. We then compared the project selections resulting from the process that the Department currently uses with the project selections resulting from the process used during fiscal years 1992-94. We performed our review from July through September 1997 in accordance with generally accepted government auditing standards.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies of this report to the Secretary of Transportation, the Acting Administrator, FHWA; cognizant congressional committees; and other interested parties. We will make copies available to others upon request.

Please call me at (202) 512-2834 if you or your staff have any questions. Major contributors to this report are listed in appendix VI.



John H. Anderson, Jr.
Director, Transportation Issues

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Abbreviations

DOT	Department of Transportation
FHWA	Federal Highway Administration
GAO	General Accounting Office
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991

Public Lands Highways

Program's name:	Public Lands Highways.
Background:	The Public Lands Program was initially established in 1930. The Federal-Aid Highway Act of 1970 changed the funding source for the program from the general fund to the Highway Trust fund, effective in fiscal year 1972. The funding level for public lands highways was \$16 million per year during fiscal years 1972-82. The Surface Transportation Assistance Act of 1982 (1982 STAA, P.L. 97-424) increased the annual authorization level to \$50 million for fiscal years 1983-86, but the Surface Transportation and Uniform Relocation Assistance Act of 1987 (1987 STURAA, P.L. 100-17) reduced this amount to \$40 million for fiscal 1987-91. The program funds projects that are within, adjacent to, or provide access to the areas served by public lands highways—such as roads in national parks, forests, or Indian reservations.
Eligibility:	Public Lands Highways funds may be used on eligible public lands highways, defined by the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) (P.L. 102-240) as (1) a forest road or (2) any highway through unappropriated or unreserved public lands; nontaxable Indian lands; or other federal reservations that are under the jurisdiction of and maintained by a public authority and open to public travel. A variety of activities are eligible, including planning, research, engineering, and construction. Projects ranging from reconstructing a road to adding parking facilities are eligible.
Federal share:	One hundred percent.
ISTEA's provisions:	ISTEA authorized the following funding levels for the Public Land Highways Program: fiscal year 1992—\$48.62 million; fiscal 1993—\$58.14 million; fiscal 1994—\$58.14 million; fiscal 1995—\$58.14 million; fiscal 1996—\$58.48 million; and fiscal 1997—\$58.48 million. Funds remain available for the fiscal year allocated plus 3 years.
Funding:	See table I.1.

**Appendix I
Public Lands Highways**

Table I.1: Amount of Public Lands Highways Funds Requested and Allocated, Fiscal Years 1992-97

Dollars in millions		
Fiscal year	Requested	Allocated
1992	\$158.9	\$43.0
1993	178.0	60.8
1994	181.7	56.2
1995	139.8	54.0
1996	173.0	49.5
1997	249.0	55.6
Total	\$1,080.4	\$319.1

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Allocations by state:

During fiscal years 1992-97, the top five recipient states received about 37 percent of all Public Lands Highway allocations. (See table I.2.)

Table I.2: Public Lands Highways Allocations for Top Five States, Fiscal Years 1992-97

Dollars in millions		
State	Amount	Percentage of total
California	\$31.2	10
Nevada	25.4	8
Arizona	23.4	7
Oregon	19.9	6
Montana	19.8	6
Total, all states	\$319.1	100

Source: GAO's analysis of FHWA's data.

Project selections:

During fiscal years 1992-94, FHWA's Office of the Administrator selected 97 percent of the projects that the FHWA staff recommended for funding. (See table I.3.)

**Appendix I
Public Lands Highways**

Table I.3: Staffs' Recommendations for the Public Lands Highways Program and the Office of the Administrator's Selections, Fiscal Years 1992-94

Fiscal year	Number of projects that the staff recommended	Number of staff-recommended projects that the Office of the Administrator selected	Number of other projects that the Office of the Administrator selected	Percentage of staff-recommended projects that the Office of the Administrator selected
1992	17	15	3	88
1993	19	19	1	100
1994	23	23	2	100
Total	59	57	6	97

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, FHWA's Office of the Administrator selected a declining percentage of projects grouped in the most promising and promising categories. (See table I.4.)

Table I.4: Projects That the Office of the Administrator Selected for Public Lands Highways Funding, Fiscal Years 1995-97

Fiscal year	Total number of projects that the Office of the Administrator selected	Most promising and promising projects that the Office of the Administrator selected		Qualified, not qualified, and other projects that the Office of the Administrator selected	
		Number	Percentage of total	Number	Percentage of total
1995	30	28	93	2	7
1996	31	19	61	12 ^a	39
1997	32	14	44	18 ^a	56
Total	93	61	66	32^b	34

^aThe Office of the Administrator selected two projects in fiscal year 1996 and two projects in fiscal 1997 that we categorized as "other" because the program staff did not group these projects in one of the four categories.

^bThe Office of the Administrator did not select any projects that the staff categorized as "not qualified" (statutorily ineligible.)

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, the Office of the Administrator allocated a declining proportion of dollars to projects the staff categorized as "most promising" or "promising." (See table I.5.)

**Appendix I
Public Lands Highways**

Table I.5: Funds Allocated to Public Lands Highways Discretionary Projects by Category, Fiscal Years 1995-97

Dollars in millions			
Fiscal year	Total dollars allocated for projects that the Office of the Administrator selected	Dollars allocated for most promising/promising projects that the Office of the Administrator selected	Dollars allocated for qualified, not qualified, and other projects that the Office of the Administrator selected
1995	\$55.9	\$55.5	\$0.4
1996	49.5	29.6	20.0
1997	55.6	22.1	33.5
Total	\$161.0	\$107.2	\$53.9

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Discretionary Bridge

Program's name:	Discretionary Bridge.
Background:	The Discretionary Bridge Program was established by the Surface Transportation Assistance Act of 1978 (1978 STAA, P.L. 95-599). The 1978 legislation required that \$200 million be withheld from the Highway Bridge Replacement and Rehabilitation Program apportionment for each of fiscal years 1979-82 to be used by the Secretary of Transportation as a discretionary fund to replace or rehabilitate bridges that cost more than \$10 million each or twice the state's apportionment. The Surface Transportation Assistance Act of 1982 continued the program at the same funding level through fiscal year 1986. The act also provided that the Federal Highway Administration (FHWA) establish a formal process to rank and select discretionary bridge projects for funding. The act also decreed that discretionary bridge projects be on a federal-aid highway system. The Surface Transportation and Uniform Relocation Assistance Act of 1987 increased the discretionary set-aside to \$225 million for each fiscal year during 1987-91.
Eligibility:	Eligible projects are bridge rehabilitation or replacement projects that cost more than \$10 million or at least twice the amount of Highway Bridge Replacement and Rehabilitation Program funds apportioned to the state in which the bridge is located. The discretionary bridge projects must be on a federal-aid system. Candidate bridges must have a rating factor of 100 or less to be eligible, unless they were selected prior to November 1983.
Federal share:	Eighty percent. Bridge projects that are on the Interstate Highway System and have been selected for discretionary bridge funding will receive funding at 50 percent of the requested amount primarily because other Interstate discretionary funds are available.
ISTEA's provisions:	ISTEA continued the program and authorized that \$349.5 million be set aside over the 6-year period fiscal 1992-97—\$49 million for fiscal 1992, \$59.5 million each for fiscal 1993-94, and \$60.5 million each for fiscal 1995-97.
Funding:	See table II.1.

**Appendix II
Discretionary Bridge**

Table II.1: Amount of Discretionary Bridge Program Funds Requested and Allocated, Fiscal Years 1992-97

Dollars in millions		
Fiscal year	Requested	Allocated
1992	\$570.7	\$49.8
1993	420.4	61.3
1994	266.2	63.3
1995	365.3	52.6
1996	590.2	66.0
1997	691.1	60.6
Total	\$2,903.9	\$353.6

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Allocations by state:

During fiscal years 1992-97, the top five recipient states received about 69 percent of all Discretionary Bridge allocations. (See table II.2.)

Table II.2: Discretionary Bridge Allocations for Top Five States, Fiscal Years 1992-97

Dollars in millions		
State	Amount	Percentage of total
New York	\$68.8	20
Illinois	64.8	18
Minnesota	47.2	13
Colorado	39.1	11
Connecticut	22.8	6
Total, all states	\$353.6	100

Source: GAO's analysis of FHWA's data.

Project selections:

During fiscal years 1992-94, the Office of the Administrator selected 100 percent of the projects that the FHWA program staff recommended for funding. (See table II.3.)

**Appendix II
Discretionary Bridge**

Table II.3: Staffs' Recommendations for the Discretionary Bridge Program and the Office of the Administrator's Selections, Fiscal Years 1992-94

Fiscal year	Number of projects that the staff recommended	Number of staff-recommended projects that the Office of the Administrator selected	Number of other projects that the Office of the Administrator selected	Percentage of staff-recommended projects that the Office of the Administrator selected
1992	3	3	0	100
1993	7	7	0	100
1994	8	8	2	100
Total	18	18	2	100

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, FHWA's Office of the Administrator selected a declining percentage of the projects the program staff had categorized as "most promising" and "promising." (See table II.4.)

Table II.4: Projects That the Office of the Administrator Selected for Discretionary Bridge Funding, Fiscal Years 1995-97

Fiscal year	Total number of projects that the Office of the Administrator selected	Most promising and promising projects that the Office of the Administrator selected		Qualified, not qualified, and other projects that the Office of the Administrator selected	
		Number	Percentage of total	Number	Percentage of total
1995	8	7	88	1	12
1996	11	8	73	3 ^a	27
1997	20	10	50	10 ^a	50
Total	39	25	64	14^b	36

^aThe Office of the Administrator selected two projects in fiscal year 1996 that we categorized as "other" because the program staff did not group these projects in one of the five categories. The Office of the Administrator also selected one project in fiscal 1996 and eight projects in fiscal 1997 that staff had categorized as "not qualified" for administrative reasons—projects requesting fourth quarter funding or whose total cost is extremely high.

^bThe Office of the Administrator did not select any projects that the staff categorized as "not qualified" (statutorily ineligible.)

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, the Office of the Administrator allocated about \$126 million to projects the staff had categorized as either "most promising" or "promising." (See table II.5.)

**Appendix II
Discretionary Bridge**

Table II.5: Funds Allocated to Discretionary Bridge Projects by Category, Fiscal Years 1995-97

Dollars in millions			
Fiscal year	Total dollars allocated for projects that the Office of the Administrator selected	Dollars allocated for most promising/promising projects that the Office of the Administrator selected	Dollars allocated for qualified, not qualified, and other projects that the Office of the Administrator selected
1995	\$52.6	\$42.8	\$9.8
1996	65.9	54.5	11.4
1997	60.6	28.7	31.9
Total	\$179.1	\$126.0	\$53.1

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Interstate Discretionary

Program's name:	Interstate Discretionary Program.
Background:	Originally created by section 115(a) of the Surface Transportation Assistance Act of 1978 in order to accelerate construction of the Interstate Highway System. The Surface Transportation Assistance Act of 1982 and the Surface Transportation and Uniform Relocation and Assistance Act of 1987 both continued and modified the Interstate Discretionary Program.
Eligibility:	Interstate Discretionary funds may be used for the same purpose as Interstate Construction funds—initial construction of remaining portions of the Interstate System. However, only work eligible under the provisions of the Federal-Aid Highway Act of 1981 and included in the 1981 Interstate Cost Estimate is eligible for Interstate Discretionary funding.
Federal share:	Ninety percent; 80 percent for projects that provide additional capacity, unless added capacity is High Occupancy Vehicle or auxiliary lane (also 90-percent federal share).
ISTEA's provisions:	Section 1020 of ISTEA revised 23 U.S.C. 118(b), (c) & (d) and authorized a \$100 million per year set-aside from the Interstate Construction Program for the Interstate Discretionary Program annually for fiscal years 1992-96. ¹ FHWA also provided Interstate Discretionary funds from lapsed Interstate Construction funds that had reached the end of their availability period. The funds are available until expended. Currently, there is a balance of approximately \$61 million available for future Interstate Discretionary allocations.
Funding:	See table III.1.

¹ISTEA reduced the amount of funds set aside from the Interstate Construction Program for Interstate Discretionary funds from \$300 million authorized under STURAA to \$100 million.

**Appendix III
Interstate Discretionary**

Table III.1: Amount of Interstate Discretionary Funds Requested and Allocated, Fiscal Years 1992-97

Dollars in millions		
Fiscal year	Requested	Allocated
1992	\$747.8	\$149.9
1993	275.7	302.3 ^a
1994	375.0	796.8 ^b
1995	272.4	289.6 ^c
1996	2.4	2.4
1997	103.3	12.9 ^d
Total	\$1,776.6	\$1,553.9

Note: Totals may not add because of rounding.

^aAll eligible projects were fully funded—South Carolina subsequently returned their allocation. FHWA also allocated an additional \$51 million during the year to three states.

^bAll eligible projects were fully funded—Massachusetts submitted an application for \$125 million but was not eligible. FHWA allocated an additional \$547 million during the year to 10 states.

^cAll eligible projects were fully funded—the District of Columbia, New Jersey, Pennsylvania, and Texas each submitted applications that were not eligible for funds. FHWA allocated an additional \$168 million for base allocations to eight states. The base allocation was a one-time allocation of Interstate Discretionary funds for states whose final Interstate Construction apportionment would not allow them to complete the Interstate System.

^dAll eligible projects were fully funded—Pennsylvania submitted applications for \$63 million but was not eligible. In addition, Washington state later withdrew its application for \$27 million.

Source: GAO's analysis of FHWA's data.

Allocations by state:

During fiscal years 1992-97, the top five recipient states received about 72 percent of all Interstate Discretionary allocations. (See table III.2.)

Table III.2: Interstate Discretionary Allocations for Top Five States, Fiscal Years 1992-97

Dollars in millions		
State	Amount	Percentage of total
Hawaii	\$439.2	28
Washington	295.9	19
Pennsylvania	157.8	10
South Carolina	114.5	7
Virginia	110.4	7
Total, all states	\$1,553.9	100

Source: GAO's analysis of FHWA's data.

**Appendix III
Interstate Discretionary**

Project selections: During fiscal years 1992-94, FHWA's Office of the Administrator selected 100 percent of the projects that FHWA staff recommended for funding. (See table III.3.)

Table III.3: Staffs' Recommendations for the Interstate Discretionary Program and the Office of the Administrator's Selections, Fiscal Years 1992-94

Fiscal year	Number of projects that the staff recommended	Number of staff-recommended projects that the Office of the Administrator selected	Number of other projects that the Office of the Administrator selected	Percentage of staff-recommended projects that the Office of the Administrator selected
1992	7	7	0	100
1993	28	28	0	100
1994	20	20	0 ^a	100
Total	55	55	0	100

^aFHWA allocated funds to an additional 12 projects during the year.

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, FHWA's Office of the Administrator also selected all of the eligible projects for full funding, since the amount available for allocation exceeded the amount requested. (See table III.4.)

Table III.4: Projects That the Office of the Administrator Selected for Interstate Discretionary Funding, Fiscal Years 1995-97

Fiscal year	Total number of projects that the Office of the Administrator selected	Most promising and promising projects that the Office of the Administrator selected		Qualified, not qualified or other projects that the Office of the Administrator selected	
		Number	Percentage of total	Number	Percentage of total
1995	15	15	100	0	0
1996	1	1	100	0	0
1997	3	3	100	0	0
Total	19	19	100	0	0

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, the staff categorized all eligible projects as "most promising," and all eligible projects were funded. (See table III.5.)

**Appendix III
Interstate Discretionary**

Table III.5: Funds Allocated to Interstate Discretionary Projects by Category, Fiscal Years 1995-97

Dollars in millions			
Fiscal year	Total dollars allocated for projects that the Office of the Administrator selected	Dollars allocated for most promising/promising projects that the Office of the Administrator selected	Dollars allocated for qualified, not qualified, and other projects that the Office of the Administrator selected
1995	\$121.6 ^a	\$121.6	\$0
1996	2.4	2.4	0
1997	12.9	12.9	0
Total	\$136.9	\$136.9	\$0

Note: Totals may not add because of rounding.

^aThe Office of the Administrator allocated an additional \$168 million for base allocations to eight states. The base allocation was a one-time allocation of Interstate Discretionary funds for states whose final Interstate Construction apportionment would not allow them to complete the Interstate System.

Source: GAO's analysis of FHWA's data.

Interstate 4R Discretionary

Program's name:	Interstate 4R Discretionary Program.
Background:	Originally created by section 115 (a) of the Surface Transportation Assistance Act of 1982. Funds were provided for the program from lapsed Interstate 4R apportionments, with additional criteria. The Surface Transportation and Uniform Relocation and Assistance Act of 1987 provided for a \$200 million set-aside for each of the fiscal years 1988-92 from the Interstate 4R authorization for the continuation of the Interstate 4R discretionary fund and provided criteria/factors to be used in the distribution of funds.
Eligibility:	Interstate 4R discretionary funds may be used for resurfacing, restoring, rehabilitating, and reconstructing the Interstate System, including providing additional capacity.
Federal share:	Ninety percent. The federal share may be increased up to 95 percent in states with large areas of public lands and up to 100 percent for safety, traffic control, and car/vanpool projects.
ISTEA's provisions:	Section 1020 of ISTEA amended 23 U.S.C. 118 (c)(2) and set aside \$54 million for fiscal year 1992, \$64 million each year for fiscal 1993-96, and \$65 million for fiscal 1997. Of the amounts set aside, ISTEA required that \$16 million for fiscal year 1992 and \$17 million for each of fiscal 1993 and 1994 be used for improvements on the Kennedy Expressway in Chicago, Illinois. ISTEA terminated the apportioned Interstate 4R Fund Program and provided that the Interstate 4R set-aside come from the National Highway System program.
Funding:	See table IV.1.

Table IV.1: Amount of Interstate 4R Discretionary Funds Requested and Allocated, Fiscal Years 1992-97

Dollars in millions		
Fiscal year	Requested	Allocated
1992	\$434.7	\$55.9
1993	784.2	65.5
1994	618.2	68.9
1995	577.9	65.4
1996	687.2	66.2
1997	1,280.4	66.4
Total	\$4,382.6	\$388.3

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

**Appendix IV
Interstate 4R Discretionary**

Allocations by state: During fiscal years 1992-97, the top five recipient states received about 70 percent of all Interstate 4R Discretionary allocations. (See table IV.2.)

Table IV.2: Interstate 4R Discretionary Allocations for Top Five States, Fiscal Years 1992-97

Dollars in millions		
State	Amount	Percentage of total
Oregon	\$81.6	21
Colorado	66.5	17
Illinois	55.3	14
Texas	40.0	10
Nebraska	29.3	8
Total, all states	\$388.3	100

Source: GAO's analysis of FHWA's data.

Project selections: During fiscal years 1992-94, FHWA's Office of the Administrator selected 94 percent of the projects that FHWA staff recommended for funding. (See table IV.3.)

Table IV.3: Staffs' Recommendations for the Interstate 4R Program and the Office of the Administrator's Selections, Fiscal Years 1992-94

Fiscal year	Number of projects that the staff recommended	Number of staff-recommended projects that the Office of the Administrator selected	Number of other projects that the Office of the Administrator selected	Percentage of staff-recommended projects that the Office of the Administrator selected
1992	6	6	0	100
1993	6	5	1	83
1994	6	6	0	100
Total	18	17	1	94

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, about 76 percent of the projects that FHWA's Office of the Administrator selected for funding were those the staff grouped in the most promising and promising categories. (See table IV.4.)

**Appendix IV
Interstate 4R Discretionary**

Table IV.4: Projects That the Office of the Administrator Selected for Interstate 4R Discretionary Funding, Fiscal Years 1995-97

Fiscal year	Total number of projects that the Office of the Administrator selected	Most promising and promising projects that the Office of the Administrator selected		Qualified, not qualified, and other projects that the Office of the Administrator selected	
		Number	Percentage of total	Number	Percentage of total
1995	6	6	100	0	0
1996	7	4	57	3	43
1997	8	6	75	2	25
Total	21	16	76	5^a	24

^aThe Office of the Administrator did not select any projects that the staff categorized as "not qualified" (statutorily ineligible) or any projects that we categorized as "other."

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, the Office of the Administrator allocated \$173 million to projects that the staff had categorized as "most promising" or "promising." (See table IV.5.)

Table IV.5: Funds Allocated to Interstate 4R Discretionary Projects by Category, Fiscal Years 1995-97

Dollars in millions

Fiscal year	Total dollars allocated for projects that the Office of the Administrator selected	Dollars allocated for most promising/promising projects that the Office of the Administrator selected	Dollars allocated for qualified, not qualified, and other projects that the Office of the Administrator selected
1995	\$65.4	\$65.4	\$0
1996	66.2	51.8	14.3
1997	66.4	56.2	10.2
Total	\$198.0	\$173.4	\$24.5

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Ferry Boats and Facilities

Program's name:	Ferry Boats and Ferry Terminal Facilities.
Background:	In 1991, ISTEA created a discretionary funding program for the construction of ferry boats and ferry terminal facilities and authorized funding from the Highway Trust Fund.
Eligibility:	Ferry boats and facilities must be publicly owned. The operation of the ferry facilities must be on a route classified as a public road, except an Interstate route.
Federal share:	Eighty percent.
ISTEA's provisions:	ISTEA authorized \$100 million—\$14 million in fiscal year 1992, \$17 million each year for fiscal 1993-96, and \$18 million for fiscal 1997. Funds are available until expended.
Funding:	See table V.1.

Table V.1: Amount of Ferry Boats and Facilities Program Funds Requested and Allocated, Fiscal Years 1992-97

Dollars in millions		
Fiscal year	Requested	Allocated
1992	\$66.9	\$14.0
1993	109.0	15.3
1994	77.3	19.0
1995	84.0	17.2
1996	72.0	14.9
1997	98.6	18.2
Total	\$507.8	\$98.6

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

Allocations by state: During fiscal years 1992-97, the top five recipient states received about 50 percent of all Ferry Boats and Facilities allocations. (See table V.2.)

**Appendix V
Ferry Boats and Facilities**

Table V.2: Ferry Boats and Facilities Allocations for Top Five States, Fiscal Years 1992-97

Dollars in millions		
State	Amount	Percentage of total
North Carolina	\$14.6	15
Washington	14.5	15
Alaska	8.0	8
Michigan	6.2	6
New York	5.6	6
Total, all states	\$98.6	100

Source: GAO's analysis of FHWA's data.

Project selections:

During fiscal years 1992-94, FHWA's Office of the Administrator selected 100 percent of the projects that FHWA staff recommended for funding. (See table V.3.)

Table V.3: Staffs' Recommendations for the Ferry Boats and Facilities Program and the Office of the Administrator's Selections, Fiscal Years 1992-94

Fiscal year	Number of projects that the staff recommended	Number of staff-recommended projects that the Office of the Administrator selected	Number of other projects that the Office of the Administrator selected	Percentage of staff-recommended projects that the Office of the Administrator selected
1992	7	7	0	100
1993	9	9	0	100
1994	17	17	0	100
Total	33	33	0	100

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, about 81 percent of the projects that FHWA's Office of the Administrator selected were those that the staff had grouped in the most promising and promising categories. (See table V.4.)

**Appendix V
Ferry Boats and Facilities**

Table V.4: Projects That the Office of the Administrator Selected for Ferry Boats and Facilities Funding, Fiscal Years 1995-97

Fiscal year	Total number of projects that the Office of the Administrator selected	Most promising and promising projects that the Office of the Administrator selected		Qualified, not qualified, and other projects that the Office of the Administrator selected	
		Number	Percentage of total	Number	Percentage of total
1995	15	12	80	3	20
1996	18	15	83	3 ^a	17
1997	20	16	80	4	20
Total	53	43	81	10^b	19

^aThe Office of the Administrator selected one project that the staff had classified as statutorily ineligible. Funding for the project is contingent upon a change in the ownership of the ferry boat facility from private to public. Therefore, we categorized this project as "other."

^bThe Office of the Administrator did not select any other projects that the staff categorized as "not qualified" (statutorily ineligible) or any projects that we categorized as "other."

Source: GAO's analysis of FHWA's data.

During fiscal years 1995-97, the FHWA Office of the Administrator allocated about \$40 million to projects the staff had categorized as "most promising" or "promising." (See table V.5.)

Table V.5: Funds Allocated to Ferry Boats and Facilities Discretionary Projects by Category, Fiscal Years 1995-97

Dollars in millions

Fiscal year	Total dollars allocated for projects that the Office of the Administrator selected	Dollars allocated for most promising/promising projects that the Office of the Administrator selected	Dollars allocated for qualified, not qualified, and other projects that the Office of the Administrator selected
1995	\$17.3	\$14.0	\$3.3
1996	14.9	10.8	4.1
1997	18.2	15.4	2.8
Total	\$50.4	\$40.2	\$10.2

Note: Totals may not add because of rounding.

Source: GAO's analysis of FHWA's data.

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